GOVERNMENT OF INDIA
FOOD PROCESSING INDUSTRIES
LOK SABHA

UNSTARRED QUESTION NO:391
ANSWERED ON:19.02.2009
ECONOMIC PACKAGE TO FOOD PROCESSING INDUSTRIES
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Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether the Government proposes to provide new economic package for the food processing industries; and

(b) if so, the details of the package proposed to be provided?

Answer

THE MINISTER OF STATE FOR FOOD PROCESSING INDUSTRIES (I/C) (SHRI SUBODH KANT SAHAI)

(a) & (b): Our share in world food trade is 1.5% and major demand for food products is domestic, hence, there is not much effect of the recession abroad on food processing sector. However, a number of schemes are undertaken by Ministry of Food Processing Industries towards facilitating development & growth of Food Processing Sector namely;

(i) Scheme for Infrastructure development

(ii) Scheme for Technology up-gradation /Expansion / Modernization of Food Processing Industries

(iii) Scheme for Quality assurance, Codex Standards and R&D

(iv) Scheme for Human Resources Development

(v) Scheme for Strengthening of Institutions and

(vi) scheme for up-gradation of Quality of Street Food.

Ministry of Food Processing Industries (MFPI) takes steps to attract private investments including Foreign Direct Investment (FDI) in food processing sector which has great potential for growth of employment and income. Several Companies have shown interest in investment in the food processing sector. To promote food processing sector, the Government has also been providing various fiscal and tax incentives. During the last year's budget various tax incentives have been given to the processed food industry, which include − raising of exemption limit of excise duty for Small Scale Industry (SSI) from Rs. 1 crore to Rs. 1.5 crores. Excise duty on biscuits whose retail price does not exceed Rs. 100 per Kg. has been reduced from 8% to 0%. Excise duty has been reduced from 8% to 0% on all kinds of food mixes including instant mixes, and on reefer vans (refrigerated motor vehicles) from 16% to 8%. Soya bari (food supplements) and ready to eat packaged foods have been fully exempted from excise duty; Custom duty on reefer vans has been exempted and on food processing machinery has been reduced from 7.5% to 5%, on sunflower oil (crude) from 65% to 50% and on sunflower oil (refined) from 75% to 60%. Special additional duty of 4% has been waived in the case of refined edible oil. Services provided by Technology Business Incubators have been exempted from service tax and similarly their Incubates, whose annual business turnover does not exceed Rs. 50 lakhs have been exempted from service tax for the first three years. The RBI has recently revised upwards the eligibility of food processing units for priority sector bank lending with an investment in plant and machinery upto Rs. 10 crores as against Rs. 5 crores earlier. Any new food processing unit based on fruit and vegetable is exempted from Income-tax completing, for the first five years, and thereafter 25% of the income is exempted from Income-tax for the next five years.

In view of the above, no separate economic package for Food Processing Industries has been proposed.